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## FISCAL IMPACT REPORT

**SPONSOR** Trujillo **ORIGINAL DATE** 01/24/12  
**LAST UPDATED** \_\_\_\_\_ **HB** 22  
**SHORT TITLE** Limited Motor Vehicle Tax Exemption **SB** \_\_\_\_\_  
**ANALYST** Smith

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY12	FY13	FY14		
(\$120.0)	(\$124.0)	(\$128.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

TRD

### SUMMARY

#### Synopsis of Bill

A one-time exemption from the motor vehicle excise tax is provided at the time of issuance of the original certificate of title for qualified plug-in electric drive vehicles. This exemption is available for vehicles acquired from July 1, 2011 through June 30, 2016. Sales of plug-in electric vehicles would also be exempt from gross receipts (GRT) and compensating tax.

The bill also has language to reduce the base for the alternative energy product manufacturers tax credit by the amount of any other credits taken and to insert the same definition of “qualified plug-in electric drive vehicle” in Section 7-14-6 (Motor Vehicle Excise Tax Act) as in Section 7-9J-22 (Alternative Energy Product Manufacturers Tax Credit Act). Other technical amendments are also made.

**Effective Date:** July 1, 2012

### FISCAL IMPLICATIONS

TRD reports that According to the Green Car Reports, about 16,800 new Plug-In Car were sold in the U.S. in 2011. Based on 2010 census population, New Mexico’s share of this market would be less than 1% per year, approximately 111 qualified vehicles. Since a number of new models have been introduced recently and the economy is recovering, sales are likely to increase.

If all cars become plug-ins in the future, the impact of this bill would be very significant.

## SIGNIFICANT ISSUES

The federal government currently offers an income tax credit to purchasers of plug-in electric vehicles of \$2,500 to \$7,500 depending on the size of the car's battery. A number of other states offer incentives of various kinds to purchasers of plug-in hybrids, including sales tax exemptions, reduced registration fees and in some cases cash rebates.

## TECHNICAL ISSUES

- **Drafting Error:** The effective date of the bill is July 1, 2012, but in the text of the bill it states that the exemption begins July 1, 2011.
- Qualified plug-in electric drive vehicle” is defined in the Alternative Energy Product Manufacturers Tax Credit Act to mean a motor vehicle with four wheels that: (1) is made by a manufacturer; (2) is manufactured primarily for use on public streets, roads or highways; (3) has not been modified from the original manufacturer specifications; (4) is acquired for use or lease by a consumer and not for resale; (5) is rated at not more than two thousand two hundred pounds unloaded gross vehicle weight and not more than eight thousand five hundred pounds unloaded gross vehicle weight; (6) has a maximum speed capability of at least sixty-five miles per hour; and (7) is propelled to a significant extent by an electric motor that draws electricity from a battery that: (a) has a capacity of not less than four kilowatt-hours; and b) is capable of being recharged from and external source of electricity.

SS/lj:svb